

ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF DECEMBER 31, 2003

	December-03					September-03				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Quarter	Month	Net ROR	Market Value	Allocation	Quarter	Net ROR	Net ROR	Net ROR	6/30/2003 Net	6/30/2003 Net
		Actual	Policy	Net ROR			Actual	Policy					
LARGE CAP DOMESTIC EQUITY													
<i>Structured Growth</i>													
LA Capital	56,596,294	4.4%	4.5%	9.09%	2.11%	51,838,717	4.4%	4.5%	N/A	N/A	N/A	N/A	N/A
AllianceBernstein	-	0.0%	0.0%	N/A	N/A	-	0.0%	0.0%	N/A	N/A	-1.48%	-20.46%	-5.64%
Total Structured Growth	56,596,294	4.4%	4.5%	9.09%	2.11%	51,838,717	4.4%	4.5%	6.61%	16.31%	-1.48%	-20.46%	-5.64%
Russell 1000 Growth				10.41%	3.46%				3.92%	14.74%	2.93%	-21.55%	-5.04%
<i>Structured Value</i>													
LSV	62,431,391	4.9%	4.5%	15.58%	5.58%	54,142,627	4.6%	4.5%	3.33%	19.42%	-2.05%	9.06%	3.95%
Russell 1000 Value				14.19%	6.16%				2.06%	16.54%	-1.02%	-2.19%	-0.17%
<i>Enhanced Russell 1000 Index</i>													
LA Capital	58,574,591	4.6%	4.5%	11.77%	4.38%	52,397,265	4.5%	4.5%	2.87%	14.98%	1.08%	N/A	N/A
Russell 1000				12.26%	4.79%				3.00%	15.63%	0.96%	N/A	N/A
<i>Enhanced S&P 500 Index</i>													
Northern Trust	55,434,137	4.4%	4.5%	12.40%	5.46%	49,310,551	4.2%	4.5%	2.50%	15.21%	0.28%	N/A	N/A
Strong	57,156,326	4.5%	4.5%	12.76%	5.50%	50,694,242	4.3%	4.5%	2.89%	16.02%	3.30%	N/A	N/A
Westridge	60,396,621	4.7%	4.5%	12.22%	5.24%	53,820,227	4.6%	4.5%	2.65%	15.19%	0.56%	N/A	N/A
Total Enhanced S&P 500 Index	172,987,083	13.6%	13.5%	12.46%	5.40%	153,825,020	13.1%	13.5%	2.68%	15.47%	1.35%	N/A	N/A
S&P 500				12.18%	5.24%				2.64%	15.14%	0.24%	N/A	N/A
<i>S&P 500 Index</i>													
State Street	39,199,011	3.1%	3.0%	12.16%	5.24%	34,944,955	3.0%	3.0%	2.64%	15.12%	0.31%	-11.14%	-1.58%
S&P 500				12.18%	5.24%				2.64%	15.14%	0.24%	-11.20%	-1.61%
TOTAL LARGE CAP DOMESTIC EQUITY	389,788,370	30.6%	30.0%	12.31%	4.77%	347,148,586	29.7%	30.0%	3.02%	15.70%	0.49%	-9.68%	-2.32%
S&P 500				12.18%	5.24%				2.64%	15.14%	0.24%	-11.20%	-1.61%
SMALL CAP DOMESTIC EQUITY													
<i>Manager-of-Managers</i>													
SEI	135,948,739	10.7%	10.0%	14.87%	2.39%	122,768,785	10.5%	10.0%	9.68%	25.99%	0.68%	N/A	N/A
Russell 2000 + 200bp				15.07%	2.20%				9.60%	26.12%	0.37%	N/A	N/A
TOTAL SMALL CAP DOMESTIC EQUITY	135,948,739	10.7%	10.0%	14.87%	2.39%	122,768,785	10.5%	10.0%	9.68%	25.99%	0.68%	-3.37%	-0.65%
Russell 2000				14.52%	2.03%				9.07%	24.91%	-1.64%	-3.30%	0.97%
INTERNATIONAL EQUITY													
<i>Large Cap - Core</i>													
State Street	29,040,623	2.3%	2.0%	14.32%	6.62%	25,214,812	2.2%	2.0%	6.08%	21.27%	-9.96%	-13.28%	-4.72%
MSCI EAFE - 50% Hedged				13.15%	5.76%				6.58%	20.59%	-11.24%	-14.65%	-4.18%
<i>Large Cap - Active</i>													
Capital Guardian	70,169,475	5.5%	5.0%	13.62%	5.70%	61,325,566	5.2%	5.0%	7.45%	22.07%	-11.30%	-14.96%	0.47%
Bank of Ireland	13,799,845	1.1%	1.0%	17.43%	7.54%	11,668,820	1.0%	1.0%	2.64%	20.53%	-10.28%	N/A	N/A
Total Large Cap - Active	83,969,319	6.6%	6.0%	14.22%	6.00%	72,994,387	6.2%	6.0%	6.65%	21.82%	-11.12%	-14.58%	0.74%
MSCI EAFE - 50% Hedged				13.15%	5.76%				6.58%	20.59%	-11.24%	-14.65%	-4.18%
<i>Small Cap - Active</i>													
Lazard	13,934,493	1.1%	1.0%	14.41%	5.50%	13,370,769	1.1%	1.0%	10.66%	26.61%	-2.32%	N/A	N/A
Wellington	13,909,184	1.1%	1.0%	11.59%	4.79%	14,027,503	1.2%	1.0%	17.22%	30.80%	5.97%	N/A	N/A
Total Small Cap - Active	27,843,677	2.2%	2.0%	12.90%	5.14%	27,398,271	2.3%	2.0%	13.94%	28.64%	1.75%	N/A	N/A
Citigroup Broad Market Index < \$2BN				13.31%	6.10%				15.95%	31.39%	3.91%	N/A	N/A
TOTAL INTERNATIONAL EQUITY	140,853,620	11.1%	10.0%	13.97%	5.96%	125,607,470	10.7%	10.0%	8.04%	23.13%	-8.22%	-12.63%	-0.99%
MSCI EAFE - 50% Hedged				13.15%	5.76%				6.58%	20.59%	-11.24%	-14.65%	-4.18%
EMERGING MARKETS EQUITY													
Capital Guardian	72,232,247	5.7%	5.0%	14.85%	7.28%	66,631,691	5.7%	5.0%	14.62%	31.64%	7.15%	-10.61%	1.62%
MSCI Emerging Markets Free				17.81%	7.25%				14.23%	34.57%	6.96%	-7.07%	2.49%
DOMESTIC FIXED INCOME													
<i>Core Bond</i>													
Western Asset	35,371,780	2.8%	3.2%	1.24%	1.25%	34,417,610	2.9%	3.1%	-0.47%	0.76%	13.42%	11.88%	8.58%
Lehman Aggregate				0.32%	1.02%				-0.15%	0.17%	10.39%	10.07%	7.54%
<i>Active Duration</i>													
WestAM (Criterion)	34,671,173	2.7%	3.2%	0.31%	1.10%	34,018,566	2.9%	3.1%	-0.40%	-0.08%	9.93%	9.39%	6.85%
Lehman Aggregate				0.32%	1.02%				-0.15%	0.17%	10.39%	10.07%	7.54%
<i>Index</i>													
Bank of ND	54,493,573	4.3%	4.9%	-0.10%	1.01%	54,655,238	4.7%	4.8%	-0.73%	-0.83%	12.59%	11.06%	7.79%
Bank of ND Match Loan CD Program	13,540,670	1.1%	1.1%	1.41%	0.47%	13,516,361	1.2%	1.2%	1.43%	2.86%	5.83%	5.84%	5.85%
Total Index	68,034,243	5.3%	6.0%	0.23%	0.89%	68,171,600	5.8%	6.0%	-0.21%	0.02%	10.77%	10.08%	7.44%
Lehman Gov/Credit				-0.03%	0.99%				-0.50%	-0.53%	13.15%	10.82%	7.83%

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	December-03					September-03				Current	Prior Year	3 Years	5 Years
	Allocation		Quarter	Month	Market Value	Allocation		Quarter	Fiscal YTD	FY03	Ended	Ended	
	Market Value	Actual	Policy	Net ROR		Net ROR	Market Value	Actual	Policy	Net ROR	Net ROR	6/30/2003	6/30/2003
				Net ROR	Net ROR							Net	Net
Convertibles													
TCW	38,305,398	3.0%	3.2%	10.00%	3.72%	35,017,988	3.0%	3.1%	1.84%	12.03%	10.37%	-9.08%	N/A
First Boston Convertible Index				8.54%	2.79%				2.67%	11.44%	15.35%	-3.81%	N/A
BBB Average Quality													
Strong	35,035,789	2.8%	3.2%	1.47%	1.73%	34,720,841	3.0%	3.1%	0.16%	1.63%	14.81%	10.35%	N/A
Lehman BBB				1.22%	1.41%				0.27%	1.50%	18.33%	9.91%	N/A
Timberland													
Evergreen (Wachovia)	67,777,483	5.3%	5.3%	6.11%	-0.05%	64,138,631	5.5%	5.5%	-0.15%	5.95%	12.50%	N/A	N/A
												N/A	N/A
TOTAL DOMESTIC FIXED INCOME													
Lehman Aggregate	279,195,865	21.9%	24.0%	3.16%	1.21%	270,485,236	23.1%	24.0%	0.11%	3.27%	11.62%	6.95%	6.77%
				0.32%	1.02%				-0.15%	0.17%	10.39%	10.07%	7.54%
HIGH YIELD BONDS													
Western Asset	64,957,984	5.1%	5.0%	5.54%	2.32%	61,549,306	5.3%	5.0%	1.99%	7.63%	20.04%	2.51%	4.15%
Lehman High Yield Bond Index				5.91%	2.26%				2.77%	8.85%	22.77%	5.44%	2.66%
INTERNATIONAL FIXED INCOME													
International Sovereign													
UBS Global (Brinson)	30,970,189	2.4%	2.5%	6.49%	4.68%	27,027,414	2.3%	2.5%	3.18%	9.88%	18.20%	8.47%	5.93%
Citigroup Non-US Gov't Bond Index (1)				6.71%	4.77%				2.75%	9.64%	17.91%	8.10%	6.29%
International Core													
Brandywine	31,323,368	2.5%	2.5%	7.30%	4.91%	26,451,362	2.3%	2.5%	1.51%	8.92%	N/A	N/A	N/A
Lehman Global Aggregate (ex-US)				6.77%	4.89%				2.76%	9.72%	N/A	N/A	N/A
TOTAL INTERNATIONAL FIXED INCOME													
Citigroup Non-US Gov't Bond Index (1)	62,293,557	4.9%	5.0%	6.91%	4.80%	53,478,776	4.6%	5.0%	2.34%	9.41%	17.83%	8.36%	5.86%
				6.71%	4.77%				2.75%	9.64%	17.91%	8.10%	6.29%
REAL ESTATE													
JMB	16,912			12.83%	12.83%	26,405			-8.75%	2.96%	-18.62%	-5.76%	0.42%
INVESCO	32,830,521			2.16%	0.88%	25,898,627			0.37%	2.54%	8.15%	8.00%	7.69%
J.P. Morgan	32,580,709			3.16%	1.18%	31,584,102			2.43%	5.66%	7.80%	7.36%	10.23%
TOTAL REAL ESTATE													
NCREIF TOTAL INDEX	65,428,141	5.1%	5.0%	2.63%	1.02%	57,509,135	4.9%	5.0%	1.36%	4.03%	7.97%	7.69%	9.00%
				1.97%	0.65%				1.97%	3.98%	7.64%	8.51%	10.16%
ALTERNATIVE INVESTMENTS													
Brinson IVCF II	199,179			11.72%	11.72%	275,245			-0.23%	11.46%	-7.44%	-23.62%	10.02%
Coral Partners II	115,719			2.23%	7.17%	167,358			9.73%	12.18%	10.56%	-36.34%	-15.79%
Coral Partners V	10,466,835			-1.26%	-1.26%	10,093,446			-6.88%	-8.05%	-22.52%	-20.83%	-9.87%
Coral Partners V - Supplemental	520,734			-0.95%	-0.95%	525,087			-15.67%	-16.47%	-28.36%	N/A	N/A
Coral Partners VI	1,568,769			-4.63%	-4.63%	1,642,935			-12.18%	-16.25%	N/A	N/A	N/A
Brinson 1998 Partnership Fund	1,783,176			2.36%	4.04%	1,842,152			4.07%	6.53%	-14.73%	-11.35%	1.31%
Brinson 1999 Partnership Fund	2,392,327			4.99%	4.99%	2,275,838			0.98%	6.02%	-16.31%	-14.42%	N/A
Brinson 2000 Partnership Fund	4,068,297			2.47%	2.30%	3,659,166			0.67%	3.15%	-13.99%	-9.08%	N/A
Brinson 2001 Partnership Fund	1,246,887			-1.11%	-1.11%	1,259,372			0.43%	-0.68%	-5.98%	N/A	N/A
Brinson 2002 Partnership Fund	843,278			-1.16%	-1.16%	852,192			12.21%	10.91%	9.08%	N/A	N/A
Brinson 2003 Partnership Fund	82,400			-0.24%	-0.24%	82,498			-3.58%	-3.81%	N/A	N/A	N/A
Brinson 1999 Non-US Partnership Fund	1,144,744			5.58%	5.35%	1,246,189			6.32%	12.25%	13.12%	2.21%	N/A
Brinson 2000 Non-US Partnership Fund	1,543,173			0.52%	0.52%	1,533,423			2.82%	3.35%	9.50%	-1.63%	N/A
Brinson 2001 Non-US Partnership Fund	848,296			1.18%	1.18%	837,408			7.50%	8.77%	-0.41%	N/A	N/A
Brinson 2002 Non-US Partnership Fund	1,285,056			0.96%	0.96%	1,158,626			3.71%	4.71%	5.34%	N/A	N/A
Brinson 2003 Non-US Partnership Fund	219,289			0.05%	0.02%	75,361			-0.05%	0.00%	N/A	N/A	N/A
Brinson BVCF IV	5,866,060			-3.67%	0.00%	6,082,204			-1.02%	-4.65%	-14.64%	-18.80%	N/A
Matlin Patterson Global Opportunities	13,740,120			0.09%	0.00%	12,364,863			0.00%	10.99%	N/A	N/A	N/A
InvestAmerica	1,739,848			0.00%	0.00%	1,737,784			0.00%	0.00%	-12.50%	N/A	N/A
Hearthstone MSII	1,973,922			15.36%	0.00%	2,348,807			5.06%	21.20%	28.98%	13.57%	N/A
Hearthstone MSIII	4,988,857			0.00%	0.00%	293,462			N/A	N/A	N/A	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (2)													
	56,636,966	4.4%	5.0%	3.18%	0.30%	50,353,415	4.3%	5.0%	-0.91%	2.25%	-9.65%	-13.02%	0.04%
CASH EQUIVALENTS													
Northern Trust STIF/STEP	6,680,284	0.5%	1.0%	0.32%	0.09%	14,952,391	1.3%	1.0%	0.35%	0.67%	1.84%	3.33%	4.22%
90 Day T-Bill				0.26%	0.10%				0.25%	0.50%	1.52%	3.33%	4.07%
TOTAL FUND													
POLICY TARGET BENCHMARK	1,274,015,774	100.0%	100.0%	9.11%	3.40%	1,170,484,789	100.0%	100.0%	3.84%	13.30%	5.46%	-1.91%	2.68%
				8.20%	3.36%				3.39%	11.87%	4.63%	-2.62%	2.52%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.